

Audit of the Tuition and Book Reimbursement Program

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City of Tempe

Internal Audit Office

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I. INTRODUCTION

Background

As one of its many functions, the Tempe Learning Center (TLC) administers the Tuition and Book Reimbursement Program benefit for employees of the City of Tempe. Administration responsibilities are also shared with citywide departmental Training Administrators and the Payroll Division of the Finance & Technology Department (Payroll).

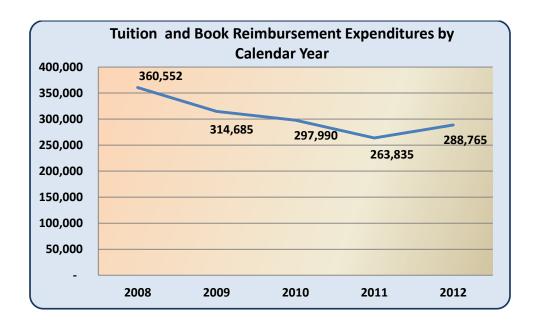
There are three main educational components of the Program:

- 1. Tuition and Book Reimbursement:
 - Employees may enroll in classes at accredited institutions. Once the employee's request is entered into the Enterprise Learning Management (ELM) system and pre-approved by TLC and their supervisor, they complete the class and submit the required documentation to their department's Training Adminsitrator for review and approval. The documentation is then forwarded to Payroll for final review prior to distribuion of the reimbursment to the employee through the payroll system.
- 2. Educational Partnerships: Through an RFP process, the City selects educational institutions to provide cohort degree programs to meet employees' needs. Employees proceed through the degree requirements as a group. The City is billed for the total cost of the tuition and books, without the employee having to initially outlay their own funds for the coursework. The ASU Certified Public Manager program is also a partnership opportunity for City employees.
- **3.** *Certifications/Licenses:* The City will reimburse employees the cost of initially obtaining job-related professional certifications and/or licenses that meet certain criteria.

The total maximum reimbursable amount, including tuition, required books, eligible reimbursable supplies and related fees is \$5,000 per calendar year for regular, full-time employees. Regular part-time employees are eligible for a prorated reimbursement amount based on their assigned benefit program (part-time 20 hours = \$2,500; part-time 30 hours = \$3,750).

Budgeted Expenditures

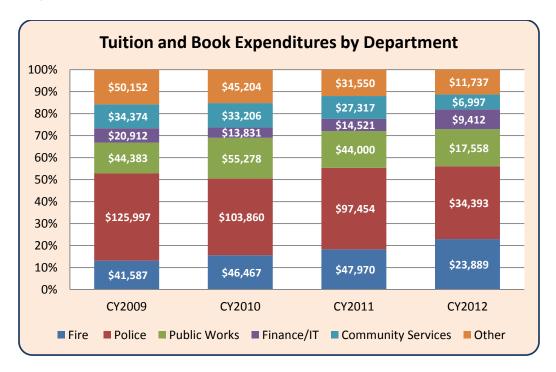
The following chart depicts Tuition and Book Reimbursement Program expenditures by calendar year for the period 2008 to 2012. Calendar year 2012 total expenditures were *estimated* based on the partial year's actual expenditures combined with relative spending patterns of prior years.



As depicted in the above chart, expenditures declined steadily between 2008 and 2011 (an overall decline of 27%). An increase in expenditures is estimated for calendar 2012.

Expenditures by Department

The next chart illustrates Tuition and Book Reimbursement Program expenditures made by departments for calendar years 2009 to 2012. (Calendar year 2008 information was not available.)



Note: CY2012 represents only actual expenditures to June 30, 2012

	Percent of Total Tuition & Book Expenditures by Department				
	2009	2010	2011	2012	
Fire	13%	16%	18%	23%	
Police	40%	35%	37%	33%	
Public Works	14%	19%	17%	17%	
Finance/IT	7%	5%	6%	9%	
Community Services	11%	11%	10%	7%	
Other	16%	15%	12%	11%	

Tuition Reimbursement Programs

For comparison purposes, Internal Audit compiled information related to tuition benefit programs provided to employees in other valley cities. This information is located in Appendix A of this report.

II. AUDIT SCOPE

Audit Initiation

The audit of the Tuition and Book Reimbursement Program was requested by TLC management. One issue that prompted this request was the discovery that some employees failed to disclose their receipt of non-repayable aid as required by policy. Two particular cases were brought to management's attention and were investigated by TLC in the spring of 2012. An amnesty period was established whereby employees who had received, but not disclosed, non-repayable aid could come forward during the month of June 2012. Two employees came forward during the amnesty period to disclose the receipt of non-repayable aid. Three additional cases of non-disclosure of non-repayable aid were discovered through the audit process and are reported in Section IV of this report under Observation #16.

Scope Limitation

Our audit focused on the policies and procedures related solely to administration of the Tuition and Book Reimbursement Program. We did not audit any other functions under the management of the TLC.

Objectives

The audit primarily focused on calendar years 2011 and 2012. Our objectives were to:

1. Determine if the Tuition and Book Reimbursement Program operates in compliance with existing City policy, applicable laws and regulations.

- 2. Ensure that financial transactions (tuition reimbursements and overpayments) are processed in accordance with existing City policy.
- 3. Determine whether the existing City policy is adequate and effective.
- 4. Determine whether key performance measures are in place to facilitate a realistic assessment of whether the program functions efficiently and effectively and meets its purpose.

Methodology

Internal Audit utilized the following methodology in the performance of this audit:

- Interviewed management and staff to obtain background information;
- Researched other valley city tuition reimbursement programs for comparison purposes;
- Assessed the validity and adequacy of existing policies and procedures governing the Tuition and Book Reimbursement Program;
- Determined whether effective performance measures are in place to evaluate results of the program in meeting its purpose and correlation to the overarching mission of the City;
- Assessed the City's compliance with IRS regulations relating to tuition reimbursement programs;
- Reviewed a sample of tuition and book reimbursement requests and educational partnership participants for compliance with City policy;
- Reviewed the duties of supervisors and Training Administrators in the tuition

- reimbursement process and surveyed the administrators about the level of training they received; and,
- Reviewed the management of employee repayments due to the City from employees who did not meet required academic standards, withdrew from partnership classes, or who terminated employment with the City.

Roles and Responsibilities

The Internal Audit Office strives to assist managers with the effective discharge of their responsibilities to achieve departmental goals and contribute to the City's mission. Internal Audit promotes effective controls and furnishes management with an independent appraisal and recommendations related to the activities reviewed. Our role is vital to maintaining the public's trust that the City's resources are used effectively and efficiently.

TLC management is ultimately responsible for, and must assume ownership of, their

internal control system. Internal controls are used by managers to provide reasonable assurance that their objectives will be achieved. Internal control is also the primary mechanism for deterring and detecting fraud.

To summarize, management is responsible for establishing and maintaining adequate internal controls. Internal Audit must use due care in examining and evaluating the effectiveness of internal controls and to understand the related exposures and risks. Due care does not require a detailed audit of all transactions. Therefore, internal auditors cannot give absolute assurance that all noncompliance and fraud will be detected.

Follow-up

Internal Audit follows up on the status of all recommendations approximately 6 months after audit completion to assess the status of implementation efforts.

III. CONCLUSION

We identified opportunities to:

- Establish the validity and authority of the Tuition and Book Reimbursement Program's policies and procedures,
- Enhance existing policies, procedures, and practices to provide increased clarity and direction for all parties involved in the management and delivery of the program, and
- Increase the focus and overall efficiency and effectiveness of the Program.

Internal Audit values the collaboration and support of TLC management and staff involved throughout the course of this audit and their dedication to continuously improving operations.



IV. DETAILED OBSERVATIONS

Policies and Procedures

#1: Policies and procedures governing the Tuition and Book Reimbursement Program are not all officially approved by Council.

An Administrative Memorandum was issued March 8, 2007 to revise and supplement the Tuition and Book Reimbursement Program Rules and Regulations included in Section 516 of the city's Personnel Handbook. This Administrative Memorandum was never officially approved by Council. Per Personnel Rules and Regulations, Section 101: Purpose and Legal Requirements, C. Administrative Memoranda:

All administrative memoranda shall be approved by the City Council. Wherever there is a conflict between this resolution and an administrative memorandum, this resolution shall prevail. Administrative memoranda may be amended or changed by the City Council at any time

in accordance with Ordinance 88.53 and the Charter of the City of Tempe...

Two significant revisions made to the policy through the March 8, 2007 Administrative Memorandum are exceptions and were determined to be official as they were authorized by Council through a formal vote to adopt the budget that included the changes. These changes are:

- 1. Doctoral or PhD level classes and degree programs are not eligible for reimbursement.
- 2. Employees who leave the City voluntarily (including retirement) and have received tuition reimbursement must repay the City for all tuition benefits paid out to them up to 12 months prior to their termination date.

Recommendation:

1.1 Relevant constructive changes instituted through the 2007
Administrative Memorandum and recommendations throughout the course of this audit that serve to clarify and enhance the efficiency and effectiveness of program delivery should be reflected in a new Tuition

Reimbursement policy and taken to Council for official adoption.

Management Response

PLAN:

Propose a new Tuition Reimbursement Policy for official Council adoption that reflects and improves upon the constructive changes in the 2007 Administrative Memorandum. This involves coordination with stakeholder groups such as Labor-Management, Human Resources, and City Attorney's Office in order to achieve a policy that provides coherent standards, consistent administration, equity in participation, and leverage as a strategic investment.

ESTIMATED TIMELINE: by 3/31/13

Purpose Statement

#2: Strengthening the purpose statement for the Tuition and Book Reimbursement Program will more effectively align the program with the over-arching purpose of TLC and the City.

The existing Purpose Statement for the Tuition Reimbursement Program is as follows:

The City is dedicated to providing personal and professional development opportunities for all regular employees. These opportunities may be required to expand job knowledge and upgrade skills, help meet the minimum requirements for a City job, prepare the employee for another line of work within the City, or courses required to complete a college degree program. Reimbursement will be for courses and degrees related to specific City job or function.

This statement could be more focused to specifically align with the purpose statement of the TLC and the City that follow:

TLC:

TLC guides organizational development and fosters continuous improvement by integrating best practices that fully integrate a culture of proactive leadership and accountability into the fabric of the City.

City of Tempe:

Tempe creates outstanding value for those we serve through shared vision, superior service, and sustainable practices.

A purpose statement should clearly articulate why you are doing what you are doing. It should capture succinctly why the program exists and what it does. It can be used to gain support and understanding inside and outside of the organization and keep focus on strategic goals.

Recommendation:

- 2.1 Revisiting this statement to make it more congruent with the purpose of TLC and the over-arching City purpose will make it more powerful. Suggestions to consider for enhancing this statement could include identification of how the City, employees, and citizens benefit from the program such as:
 - 1. The benefit of a better educated workforce. A better educated workforce is more knowledgeable, efficient, and qualified to handle day-to-day tasks and provide superior service to the community.
 - 2. Employees get the skills they need to qualify for higher positions, while the City gets a more highly-educated and capable workforce.
 - 3. A Tuition Reimbursement benefit can help attract and retain the type of employee who is ambitious and willing to learn new things.
 - 4. As employees retire and otherwise separate from the City, finding qualified candidates for these

positions can be a challenge. Tuition reimbursement programs can assist employees and the City in succession planning through attaining the education and experience they need to guide the City in the future.

Management Response

PLAN:

- 1. Revise the purpose statement to make it more congruent in supporting strategic talent management and focused to specifically align with the purpose statement of the TLC and the City. Work with department representatives to draft a refined purpose statement that aligns to organizational strategy and priorities.
- 2. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 12/1/2012

Performance Measures

#3: Performance measures have not been established to systematically assess whether the Tuition and Book Reimbursement program is meeting its purpose.

The last formal measurement report on the Tuition and Book Reimbursement Program was released in April, 2008 in the form of a Demographic Data Report. This two-part document provided the following information:

1. All employees using the tuition benefit by demographics (age, gender, ethnicity, years of service, promotions, current annual pay grades, and current employment status). 2. Comparison of employees using the tuition benefit as independent students to educational partnership students by age, gender, ethnicity, years of service, promotion, current pay grades, and current employment status.

Although this information was useful in the demographic analysis of the program at the

time, it was not a true report on the performance of the program based on specific criteria. Systematic performance measures linked to the purpose and goals of the program are not in place. Without key performance measures, the focus on key goals and the purpose of the program can fade.

Recommendation:

3.1 TLC should develop key measures of performance to determine what the Tuition and Book Reimbursement Program is accomplishing and whether or not its purpose is met and goals are realized on an annual basis. This process can facilitate maintaining focus on program purpose and goals and can also support development and justification of budgeted dollars by indicating how the City and Tempe taxpayers benefit from the program. Performance measures should capture the most important aspects of the program's purpose and priorities.

Management Response:

PLAN:

1. Develop key measures of performance to determine what the Tuition and Book Reimbursement Program is accomplishing and whether or not its purpose is met and goals are realized on an annual basis. Performance measures will indicate the program's effectiveness and demonstrate the program's value to the organization and employees.

2. Utilize the performance measures as part of the proposed policy request process with stakeholders.

TLC has been researching performance measurements for Tuition Assistance Programs, both private and public sector, to develop quantitative tools. Employee retention, promotions, and job performance are the commonly measured impacts of a tuition assistance program. However, research indicates that this benefit program is generally under-measured regarding its effectiveness and impact.

Key measures of performance could include tracking participant data over time to see how tuition assistance impacts the following:

- Retention rates of participants compared with nonparticipants
- Promotion rates of participants compared with nonparticipants
- Capacity for promotion (e.g. percentage of employees in a job family possessing a required or preferred license/certification/degree for next-level position)
- Years of service of participants compared with nonparticipants

- Performance ratings or inclusion in e-Performance Plans (self-reported by employee during pre-approval process)
- Distribution amount
- Participation rates
- Value perception of participants survey model
- Annual demographics
- Expenditures per class/credit accrued

- Expenditures per certificate/degree attained
- # of employees using the program as a percentage of eligible employees
- Tuition reimbursement expenditures as a percentage of total expenditures
- Expenditures per employee enrolled

ESTIMATED TIMELINE: by 2/15/13 (does not require official Council adoption)

Participant Eligibility Criteria

#4: Comprehensive participant eligibility criteria for the Tuition and Book Reimbursement Program should be further developed and clearly articulated.

Under current policy, regular full-time and part-time employees are eligible for tuition and book reimbursement benefits (once certain probationary requirements for the job are fulfilled). Regular part-time employees are eligible for a prorated reimbursement. Non-regular employees (i.e. temporary, contracted, etc.) are not eligible for reimbursement.

Current policy does not specifically address unique employee situations such as those employees enrolled in the DROP (Deferred Retirement Option Plan). DROP in Arizona is an optional program where members of a defined benefit plan can choose to freeze their regular monthly retirement benefit and have it deposited each month into a separate account with their employer while continuing to work and draw a salary. Under DROP, an employee must voluntarily and irrevocably elect to enter into the program with the City for a period of up to five years and agree to terminate employment after the defined period. This program brings into question whether it is prudent use of taxpayer funds to invest in an educational benefit for employees that have declared they are terminating service with the City within 5 years or less.

Recommendation:

4.1 TLC management should involve all stakeholders to determine if providing tuition benefits to DROP participants

is congruent with a clarified program purpose. At minimum, consideration should be given to the value of providing the tuition benefit for DROP employees in the final year of their declared employment term since these funds would have to be returned to the City upon termination in accordance with current policy.

Management Response

PLAN:

1. With stakeholders, develop a new
Tuition Reimbursement Policy for
official Council adoption that indicates a
determination as to whether providing

- tuition benefits to DROP participants is congruent with the clarified program purpose. This would promote equity regarding the "repayment" component and align the policy and practices with the clarified purpose of the tuition assistance program.
- 2. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Repayment Requirement

#5: The Tuition and Book Reimbursement repayment requirement for employees that voluntarily leave the City requires clarification and revision.

The current repayment policy is worded as follows:

Employees who voluntarily elect to terminate their employment with the City of Tempe (including the decision to retire) must repay the City for all tuition benefits paid out to the employee up to 12 months prior to their termination date. The total tuition repayment will be calculated by the Financial Services Department and deducted from the employee's final paycheck. The greater of the last 12 months' tuition benefits paid or eligible earnings will be deducted from the employee's last regular paycheck and subsequent paychecks for those employees who elected to use accrued leave prior to retirement.

The repayment requirement in the current policy is conflicting and subject to manipulation and inequitable treatment of employees who voluntarily leave City service. The wording of this policy is conflicting as it initially states that all tuition benefits paid out to employees up to 12 months prior to their voluntary termination date must be repaid, but then it further states that the **greater** of the last 12 months' tuition benefits paid or eligible earnings will be deducted from the final paycheck. For example, if an employee was required to repay the City \$5,000 and the employee's final paycheck was only \$2,000, the greater amount is \$5,000, which cannot be fully deducted from \$2,000.

The wording of this policy also provides an opportunity for manipulation to repay

minimal amounts. Assuming the intent of the policy was that the **lesser** of the last 12 month's tuition benefits paid or eligible earnings would be deducted from the employee's final paycheck (which has been actual practice), then an employee's final paycheck could easily be manipulated to include only minimal hours, thus minimal eligible earnings. If the employee is not retiring and/or electing to use accrued leave prior to retirement, the City does not attempt collect residual amounts due.

Employees who are retiring and have received tuition and book reimbursements in the 12 months prior to their termination date are required to repay the City through their last regular paycheck and subsequent

paychecks for those who elect to use accrued leave prior to retirement.

Two examples noted follow:

- 1. One employee received the full \$5,000 in tuition benefits in the 12 months prior to resigning. Rather than repaying the full \$5,000, he only repaid the City \$2,812, the amount of his final paycheck. No further collection efforts were made by the City.
- 2. One employee left the City while involved in a partnership program. He only repaid the City \$816 (the amount of his last paycheck) after receiving \$2,040 in benefits in the 12 months prior to terminating. No further collection efforts were made by the City.

Recommendation:

5.1 The Repayment Requirement section of the Tuition and Book Reimbursement policy should be revised and clarified to ensure a process is in place that requires equitable treatment for all employees voluntarily leaving service. All benefits paid by the City to employees within 12 months of their termination date should be repaid. Where the employee's last paycheck (or accrued leave) is insufficient to cover the entire amount due, any residual balances due the City should be recovered through a personal payment from the employee or the establishment of a monthly repayment schedule managed and monitored by Financial Services.

Management Response

PLAN:

- 1. Revise and clarify the repayment section of the policy to ensure equitable treatment for all employees voluntarily leaving service.
- 2. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.
- 3. In partnership with Financial Services, implement a consistent process to recover repayment from the employee, including any residual balances due. Repayment methods could include personal payment, a monthly repayment schedule and/or third-party collections.

ESTIMATED TIMELINE:

Items 1 and 2: by 3/31/13 Item 3: by 12/1/13

Educational Institution Accreditation

#6: The accreditation requirement for educational institutions in the existing Tuition and Book Reimbursement policy is not clearly articulated or sufficiently flexible to encompass all eligible sources.

The existing policy implies that in order to be eligible for reimbursement, coursework must be performed through an accredited college or university, although it does not clearly state this as a requirement. In addition, the list of accredited colleges or universities is stated as one that is recognized from the following:

- North Central Association of Colleges and Secondary Schools,
- Northwest Association,
- Middle States Association,
- New England Association,
- Southern Association, or
- Western Association.

We noted that on at least one occasion an institution was approved for coursework that was not accredited through the above list of associations. An employee was reimbursed for courses taken at the Phoenix School of Law. This school is accredited by the American Bar Association, which is recognized by the US Department of Education as the accrediting agency for Juris Doctorate programs. However, current COT policy does not include this as an eligible accrediting association.



Recommendation:

6.1 The policy should clearly state that in order to be eligible for reimbursement, coursework must be through colleges or universities that are accredited. In addition, in order to provide flexibility and be all-encompassing, the following additional statement should be considered for inclusion in the policy:

.....or any accrediting association recognized by the US Department of Education or other similar international body.

Management Response

PLAN:

1. To provide sufficient flexibility and articulation as to the institution's

- eligibility, research and encompass into the policy all eligible education sources, in addition to the current list of accrediting bodies. (Example: an accredited college or institution or any accrediting association recognized by the US Department of Education or similar international body.)
- 2. Implement policy language that clearly states that, in order to be eligible for

- reimbursement, coursework must be through colleges or universities that are accredited through bodies identified in the clarified policy.
- 3. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Licenses and Certifications

#7: Reimbursement eligibility requirements for obtaining licenses and certifications are not clearly articulated in the current policy.

Current practice for administering professional and/or vocational licenses and certifications is to reimburse employee costs for obtaining an initial license or certification, with subsequent retention and/or renewals funded by individual departments managing those positions. License or certification eligibility is dependent upon whether it will assist the employee in becoming more eligible for

promotions within the City and whether they are identified as "required" or "preferred" on a current City job description. The policy also requires that the licenses and certification be from a "recognized and accepted governing association." These are not clearly defined requirements and create difficulties in maintaining compliance with the policy.

Recommendation:

7.1 The policy for licenses and certifications should be revised to provide more specific requirements or criteria that can be consistently applied. TLC Management should ensure that the requirements relate to the program's purpose.

Management Response

PLAN:

 Provide alignment with program purpose and clear articulation as to the eligibility of certifications and licenses. This includes consideration of including licenses and certifications as eligible for tuition reimbursement.

- 2. Identify and provide specific requirements or criteria for consistent administrative review and policy compliance.
- 3. Implement policy language that objectively articulates the subjective portions of the policy relating to licenses and certifications.
- 4. Include in the proposed policy specific eligible sources and governing associations for licenses and certification.
- 5. Evaluate the administrative interpretation of the language in the 2007 Administrative Memorandum, and

- the interdepartmental process that affect the assessment regarding the eligibility of the license or certification in:
- assisting "the employee in becoming more eligible for promotions", and
- being "identified as 'required' or 'preferred' on a current City job description"
- 6. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13



Coursework Eligibility

#8: Degree program requirements should be strictly enforced.

One significant authorized revision made to the Tuition and Book Reimbursement Program in 2007 was that doctoral or PhD level classes and degree programs were no longer eligible for reimbursement. Despite this change in policy, an employee's doctoral-level classes were preapproved by TLC and the supervisor from March to September 2011 and the employee is currently enrolled in and receiving reimbursement for doctoral degree program coursework.

The employee should not have applied for reimbursement for this ineligible program and the supervisor and TLC should not have preapproved these courses per policy. In addition, the policy violation passed through the Training Administrator and Payroll without question. Since the employee was allowed to start this degree and has already been reimbursed for some classes, an executive decision was made to provide an exception for this one case and allow the employee to complete the program.

Recommendation:

8.1 Once revised policies and procedures are officially approved, they need to be effectively communicated to all parties involved in the process of administering the Tuition and Book Reimbursement Program including: supervisors, Training Administrators, TLC staff, and Payroll. TLC Management should ensure that TLC staff only pre-approve course work that complies with policies and procedures in effect.

Management Response:

PLAN:

Upon official approval by Council, deploy a communication plan regarding the new

policies and procedures to all parties involved in the process of administering and participating in the Tuition and Book Reimbursement Program including: employees, supervisors, Training Administrators, TLC staff, and Payroll. The communication components will be customized for each stakeholder role and function.

ESTIMATED TIMELINE:

- 1. Develop implementation plan by 1/31/13.
- 2. Develop communication components by 2/28/13.
- 3. Deploy communication plan within 30 days of official Council approval.

#9: Coursework should clearly support the purpose of the Tuition and Book Reimbursement program to be eligible for reimbursement.

Reimbursement eligibility criteria for coursework are subjective, vague and difficult to correlate to specific courses. Existing criteria includes meeting one of the following:

- 1. The course is *directly related* to the employee's current job, or
- 2. The course shall *make the employee more promotable* within the City, and
- 3. Is related to a current City position, which is realistically within the employee's career path; or

4. The coursework is required in a curriculum program leading to a degree that is required or preferred on a current City job description.

These criteria are difficult to define and apply consistently. In addition, although the policy states that only one of the listed criteria needs to be met, the word "and" has been placed between criteria #2 and #3, indicating that more than one criterion must be met.

Recommendation:

should be reviewed and revised to directly tie into the purpose of the Tuition and Book Reimbursement program. A statement by the employee articulating how their choice of coursework, license or certification supports the purpose of the program could be compiled and provided for review and approval by the employee's supervisor and TLC during initial preapproval processing.

Management Response

PLAN:

Review and revise eligibility criteria to align coursework with the clarified purpose of the program. Explore expanding the preapproval fields in PeopleSoft ELM to provide an avenue for the employee to state how their choice of coursework, license, or certification supports the purpose of the program.

ESTIMATED TIMELINE: by 12/1/12

Does not require official adoption by Council; however, the sequence of implementation is impacted by a revised purpose statement being adopted by Council.

#10: The consistent and effective application of coursework eligibility is impeded by policy deficiencies.

- One criterion in the coursework eligibility policy requires that the coursework lead to a degree that is either required or preferred in a City job description. There are over 350 City job descriptions and many are outdated. Job descriptions are not typically updated until a position vacancy occurs. Therefore, this policy stipulation is difficult to apply. It is very difficult for TLC staff to investigate all job descriptions for possible required or preferred degrees.
- 2. In addition, employees are not asked to identify the degree they are pursuing when they enter the information into ELM for pre-approval. Therefore, more

- work is created for the pre-approvers who may need to contact the employee to ask about the actual degree program they are enrolled in.
- 3. The policy does not elaborate on the eligibility of courses and/or exams that are required prior to starting a degree program (such as the GRE exam or an evaluation course used to determine acceptance into a degree program). It has been TLC's practice to approve reimbursement of GRE exam fees if documentation is submitted with the initial class taken in the degree program. However, when not covered in policy, it is difficult to consistently apply informal practices.

4. In some cases, several employees are pursuing degrees with very limited application to City jobs. For example, a nursing degree is only required for one position citywide; therefore, there is limited capacity. When several

employees are pursuing a degree that can be applied to only one City position, it brings into question whether this meets the perceived purpose of the program or provides value to the City in return for its investment.

Recommendations:

- 10.1 The responsibility should be placed upon the employee to formally identify what degree program they are pursuing and provide an example of what specific job description includes the degree as required or preferred.
- **10.2** TLC should work with Finance and Technology to revise the ELM input form to require the identification of the degree program prior to submission for pre-approval.

Management Response:

PLAN:

Explore expanding the pre-approval fields in PeopleSoft ELM to have the employee:

- Identify the degree or license/certification, and
- Identify what specific job description includes the degree as required or preferred. (Pending that this is part of the revised policy and noting that there are disconnect between job description updates/content and possible strategic uses of the tuition program.)

ESTIMATED TIMELINE: by 11/30/12

10.3 The policy should be expanded to address the eligibility of exams and courses taken to become eligible for degree programs.

Management Response:

PLAN:

1. Through policy revision, elaborate on the eligibility of courses and/or exams that are required prior to starting a

- degree program (such as the GRE exam or an evaluation course used to determine acceptance into a degree program) in order to consistently apply eligibility and administrative practices.
- 2. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

10.4 TLC should review the capacity issue with all stakeholders and City management to determine if the reimbursement for the pursuit of degrees with very limited application to a City job should be capped by the City.

Management Response:

PLAN:

1. Identify the degrees, licenses, or certifications that may have very limited application to City positions.

- 2. Review the capacity issue with all stakeholders and City management to determine if reimbursement for the pursuit of degrees, licenses or certifications with very limited application to a City job should be capped by the City.
- 3. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Eligible Expenses

#11: Eligible and ineligible expenses for reimbursement other than tuition are not clearly identified.

Reimbursement is available for costs related to tuition, required books, supplies, and some related fees such as mandatory financial aid and lab fees. Costs not covered include, but are not limited to, parking, transportation, recreation fees, meals, books and materials not required for the course, calculators, and computer programs, applications and disks.

Although no policy is all inclusive and able to address every possible situation, a more robust expense policy can serve to provide clearer guidance to employees and approvers.

For supplies, the policy should include additional recent examples of allowable supplies and expand upon the proof that is necessary to justify that the supplies are required. For related fees, a listing of allowable fee types would provide the employees more helpful guidance. Institutions are getting more creative with types of fees (i.e., technology, registration, processing) charged and the policy should be updated to address the allowance of these evolving fee types.

Recommendation:

11.1 Expand the policy to provide a more inclusive listing of examples of allowed and disallowed fees and materials. Develop standards for the documentation needed as proof that materials/supplies are required for coursework taken.

Management Response:

PLAN:

Propose an expense eligibility policy that:

1. Provides clearer guidance to employees and approvers regarding supplies, related fees and documentation proof:

- For supplies, include additional recent examples of allowable supplies;
- Expand upon the proof that is necessary to justify that the supplies are required; and,
- For related fees, provide a listing of allowable fee types.
- 2. Addresses the allowance of evolving fee types (i.e., technology, registration, processing).
- 3. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Coursework Preapproval

#12: Further development of the policies and procedures governing coursework preapproval is essential to clearly identify associated risks and enhance Program practices.

1. Current policy requires that employees who intend to use the tuition reimbursement benefit for coursework must first submit a pre-approval request via the City's on-line ELM system prior to enrollment. There are no implications to the City associated with not having coursework preapproved and in practice, pre-approval is not enforced. The risk with coursework not being approved lies with the employee; they may have to pay out-of-pocket for coursework that is denied for reimbursement through the program. We reviewed a sample of

- employees' tuition reimbursement claims and found that:
- Supervisory pre-approval was not obtained before the start of class for 46% of classes reviewed; and,
- TLC pre-approval was not obtained before the start of class for 53% of the classes reviewed.
- 2. The policy is not clear as to what aspects of the request supervisors are supposed to review prior to granting their preapproval in ELM. Communication of a clearly defined role and purpose of supervisory pre-approval is needed.

3. The policy does not provide for an expiration date for the pre-approval.

Policies change over time making it necessary to identify a specific amount of time that the pre-approval is valid.

Recommendations:

12.1 The pre-approval section of the policy should be strengthened to clearly state that the employee is assuming the risk that they may not be reimbursed through the program should they embark upon coursework that is not pre-approved by their supervisor or TLC and that the responsibility to obtain pre-approval before commencing their coursework lies with the employee.

Management Response:

PLAN:

1. Explore the risks to the City regarding the "unknown" pre-approvals as it creates challenges when projecting potential tuition expenses during the fiscal year. TLC periodically reviews

- the outstanding pre-approvals for potential reimbursements and budget expenditures/revisions.
- 2. Strengthen the pre-approval section of the policy and, if feasible, the online preapproval form, to clearly state that the employee is assuming the risk that they may not be reimbursed through the program should they embark upon coursework that is not pre-approved by their supervisor or TLC and that the responsibility to obtain pre-approval before commencing their coursework lies with the employee.
- 3. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

12.2 The policy should be clarified and state what criteria the supervisor should be reviewing prior to preapproval. Consideration could also be given to exploring whether the preapproval process would be more effective if TLC was the first preapproval step, with the supervisor being secondary.

Management Response:

PLAN:

- 1. In the revised policy, clarify and state the criteria the supervisor should be reviewing prior to the pre-approval process. Align the pre-approval criteria to the purpose of the program and identify the specific elements as it relates to the revised policy.
- 2. Provide a "Supervisor Tuition Pre-Approval Review Checklist" as part of educating supervisors on the revised policy and their related roles in supporting the policy.

ESTIMATED TIMELINE: by 3/31/13

12.3 An expiration time limit for the preapproval should be identified in the policy.

Management Response

PLAN:

1. Include an expiration time-limit for the pre-approval in the revised policy in order to identify the applicable policy at the time the employee submitted for pre-

- approval and the subsequent submission for reimbursement.
- 2. Explore the feasibility of including an automatic expiration in PeopleSoft ELM for pre-approved courses.
- 3. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Grade Requirements

#13: Grade requirements to qualify for Tuition and Book Reimbursement should be fine-tuned and enforced.

Current policy requires that in order to qualify for reimbursement, employees must receive a grade of 'C' or better for an undergraduate course and a grade of 'B' or better for a graduate course. Some institutions are awarding grades with "+" and "-", but City policy does not address the allowance of associated grades of C- or B-.

Although it appears to be an isolated case, our review identified one employee who was reimbursed for tuition expenses after receiving a grade of C and C- in two graduate-level courses. Since the grade requirement was not met, the employee should not have been eligible for reimbursement. Because the employee is enrolled in an ongoing program, the \$2,500 she was reimbursed will be deducted from future eligible reimbursement requests.

Recommendation:

13.1 The grade requirement section of the policy should be clarified to specifically address whether C- grades for undergraduate and B- grades for graduate coursework are eligible for

related tuition and book reimbursement (including educational partnerships). This grade policy should also be strictly enforced.

Management Response:

PLAN:

- 1. In the revised policy, clarify the grade requirement section to specifically address the eligible grades for graduate and undergraduate coursework. Identify the eligibility of "-"and "+" grades as it relates to the policy requirement. As the plus/minus grade may affect the eligibility of the course for degree
- completion requirements, explore this relationship to the purpose of the tuition assistance program when identifying the clarified grade requirement.
- 2. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Department Training Administrators

#14: The implications of late submissions of tuition and book reimbursement requests to Department Training Administrators requires assessment.

In accordance with current policy, Training Administrators, designated employees within each department/division (or a combination of departments/divisions), review and submit employee tuition reimbursement requests to Payroll on behalf of employees in their assigned area. Current policy states that employees have twelve

months after the successful completion of their coursework to submit their reimbursement requests to their designated Training Administrator. Although this is a requirement, there are no specified implications if a reimbursement request is submitted to Training Administrators beyond this twelve-month period.

Recommendation:

14.1 The intention of requiring employees to submit reimbursement requests to Training Administrators within twelve months of course completion should be assessed. If the intention is to reject reimbursement claims that are submitted beyond twelve months of successful course completion, this should be clearly communicated in the policy and practiced.

Management Response:

PLAN:

1. In the revised policy, clearly communicate whether the reimbursement request will or will not be rejected if received by Training Administrators beyond the twelve months of successful course completion.

- 2. Explore the feasibility of including this component in PeopleSoft ELM at the time the employee submits for preapproval and explore whether the online system can provide a reminder prompt to the employee to submit the reimbursement before the designated eligible timeline.
- 3. Determine a process for addressing the possible rejection of the reimbursement submission in order to consistently and equitably practice the stated policy.
- 4. Include this dimension in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

#15: Training Administrators need additional instruction and tools to increase their effectiveness.

- 1. We surveyed 40 Training Administrators and found that additional instruction on tuition reimbursement processing would be beneficial. Thirty-five percent of Training Administrators responding (6 of 17) stated they had *never* attended ELM training that included instruction on how to process tuition reimbursement requests. Seven training administrators (41%) commented that it is time for a refresher course.
- 2. There is no city-wide standard checklist or similar tool that would assist Training Administrators (as well as employees

seeking reimbursement) obtain and organize all required and appropriate documentation before forwarding requests to Payroll. When the proper supporting documentation is not included, additional time is required by the Training Administrators and/or Payroll to track down missing documents. If a checklist or similar tool were employed (some departments have implemented a checklist that could be standardized throughout the City), the required documentation could be identified.

Recommendations:

15.1 After the policy enhancements recommended in this report are completed and approved by Council, it would be an ideal time to provide training for all Training Administrators with concentrated focus on the tuition reimbursement process. In addition, a

process should be developed to ensure the listing of Training Administrators is kept current and that new administrators are provided with essential training on a timely basis and periodic refresher training is provided for all as needed. Once Training Administrators are adequately instructed on revised policies and procedures, Payroll should reject incomplete or unacceptable reimbursement requests and return them to the Training Administrators for amendment. Payroll staff should not spend time researching and/or requesting reimbursement documentation from various sources. It is ultimately up to the employee (followed by the Training Administrator) to ensure the necessary supporting documentation is submitted to Payroll for reimbursement.

Management Response:

PLAN:

- 1. After the policy enhancements are completed and approved by Council, provide training to all Training Administrators who process Tuition Reimbursement. This gap in training occurred during the ELM transition from Training Server whereby Tuition Processors were not necessarily Training Administrators, and vice versa.
- 2. Develop a systematic process that provides coordination with Finance and Information Technology (possibly the PeopleSoft Team) and the City departments when a change occurs in the Training Administrator designation.

ESTIMATED TIMELINE: Within 30 days of official Council approval.

15.2 Implement a standard checklist as a tool to assist employees and Training Administrators in the reimbursement submission process. The checklist can be used as a guide to ensure all required documentation has been provided to support their reimbursement request and that it is authentic, accurate, and complete. Training Administrators should certify that they have reviewed the documentation provided and that it complies with policy requirements.

Management Response:

PLAN:

- 1. Implement a standard checklist as a tool to assist employees, Training Administrators, and Payroll in the reimbursement submission process.
- 2. Explore the feasibility of generating this checklist via PeopleSoft ELM as a possible "cover-sheet" for submitting and processing the reimbursement completely and consistently. As each institution issues a variety of forms in many different styles for payment, enrollment, grades and syllabi, the "coversheet" would help all parties quickly identify and summarize the necessary documentation.

ESTIMATED TIMELINE: by 3/31/13

Financial Assistance

#16: Restrictions on reimbursement levels when employees have additional sources of non-repayable educational financial assistance need to be effectively communicated and consistently enforced.

Current policy states:

Employees who receive financial assistance for their education from another source must disclose the source and amount at the time they apply for coursework pre-approval. The City shall not provide reimbursement to employees who receive 100% funding for their education from another source which does not require re-payment. Under certain circumstances, coordination with other funding sources is possible. In all instances, total financial assistance and tuition and book reimbursement shall not exceed the educational expenses incurred.

At the pre-approval stage, complete information regarding financial aid may not be available to employees, thus is not practical to expect full disclosure at this stage. Also, the wording of the existing policy does not thoroughly express the magnitude of the restrictions.

Prior to the official start of this audit, Internal Audit was made aware of two employees who received non-repayable financial aid from an alternative source and did not disclose this on their reimbursement request. One employee received a \$4,400 Pell grant, in addition to receiving the maximum annual reimbursement of \$5,000 from the City. This was not detected by the Training Administrator but was found after Payroll questioned the employee's receipt.

The employee later voluntarily terminated employment and did pay back \$5,000 to the City from her final paycheck. The second employee received GI Bill benefits in addition to tuition and book reimbursement by the City in excess of \$12,000 from 2008 to 2011. Once this additional aid was discovered, TLC subsequently denied all pending pre-approval requests for this employee, but no repayments have been made to the City by the employee.

To address these issues and other potential unidentified ineligible payments, TLC issued a notification to current Tuition Reimbursement Program participants offering a month-long amnesty period to come forward and disclose any non-repayable aid they had received that duplicated all or a portion of the reimbursement provided to them by the City. Two employees came forward during the amnesty period. One employee disclosed receiving an \$81 honor award and the other stated they may have received undisclosed GI Bill benefits 8 or 9 years ago.

During the course of this audit, three additional employees were found to have received non-repayable aid they did not disclose. These employees did not come forward during the amnesty period. Two employees received \$81 honor awards and the other employee received a Pell grant in the amount of \$1,300.

Recommendations:

16.1 Disclosure of sources and amounts of alternative funding at the pre-approval stage by employees should be encouraged, but not a strictly-enforced requirement as this information is not always accessible at this point in time by program participants.

Management Response:

PLAN:

1. Through policy education and ongoing communication (formal and informal) to employees, encourage the disclosure of sources and alternative funding at the pre-approval stage.

- 2. Explore the feasibility of auto-prompts when these related fields are not completed in PeopleSoft ELM.
- 3. As complete information regarding financial aid may not be available for disclosure by employees at the preapproval stage, identify and verify a process for an employee to disclose sources and amounts of alternative funding after the pre-approval request is submitted but before the reimbursement request is submitted to the employee's department for processing.

ESTIMATED TIMELINE: by 3/31/13

- 16.2 Policy language should be refined to communicate the intent that the City will not reimburse any portion of employee tuition and book costs that are funded by non-repayable alternate sources regardless of the percentage of funding. A list of examples of other funding sources should be provided in the policy and on the tuition approval form and at minimum include the following:
 - Pell Grants
 - Honorary Financial Rewards
 - Scholarships
 - GI Bill Funding

Management Response:

PLAN:

1. Propose policy language that thoroughly expresses the magnitude and intent of

- restrictions regarding reimbursement for any portion of employee tuition and book costs that are funded by non-repayable alternate sources, regardless of the percentage of funding.
- 2. Within the proposed policy, provide a more robust listing of examples of other funding sources that may affect the restrictions regarding reimbursement. The list would serve to guide employees before submitting for reimbursement.
- 3. Within the proposed policy, consider policy language that describes the expectations of transparent and ethical participation in the tuition reimbursement program; and, consider including policy language that describes potential consequences.
- 4. Explore the feasibility of auto-prompts when these related fields are not completed in PeopleSoft ELM.

5. Include these dimensions in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

16.3 All employees who have been identified (or will be identified in the future) as receiving non-repayable financial aid that was not disclosed, should repay the City the amount of the duplicated aid (apart from those employees that came forward to TLC during the specified amnesty period).

Management Response:

PLAN:

1. Propose policy language that thoroughly expresses the magnitude and intent of restrictions regarding reimbursement for any portion of employee tuition and book costs that are funded by non-repayable alternate sources, regardless of the percentage of funding.

- 2. Within the proposed policy, include language that describes the expectations of transparent and ethical participation in the tuition reimbursement program; and, consider including policy language that clarifies potential consequences.
- 3. Per proposed policy, establish repayment (within 30 days of discovery or disclosure) from the employee for the amount of duplicated aid through a repayment plan (payroll deductions, direct payment to the City). For former employees, invoice for payment, and/or turn over for third-party collections.
- 4. Include these dimensions in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

Attorney's Office, should consider revising the policy to require each tuition reimbursement and educational partnership participant to sign a release authorizing the City to obtain their financial aid records from the institution they are attending. This would help TLC detect aid that is not disclosed by employees. This requirement could be included in the specific language in recommendation 17.1 that follows in this report.

Management Response:

PLAN:

- 1. In consultation with the City Attorney's Office, consider revising the policy to require each tuition reimbursement and educational partnership participant to sign a release authorizing the City to obtain their financial aid records from the institution they are attending.
- 2. Include these dimensions in the proposed Tuition Reimbursement Policy for official Council adoption.

ESTIMATED TIMELINE: by 3/31/13

16.5 When issuing RFPs for future educational partnerships, it should be clearly stated that the City requires the institution to provide a listing of all non-repayable aid provided to any cohort students.

Management Response:

PLAN:

- 1. When issuing RFPs for future educational partnerships, clearly state that the City requires the institution to provide a listing of all non-repayable aid provided to any cohort students.
- 2. For the CPM/ASU partnership, no recurring RFP exists as ASU is the sole-source provider of the national program; however, the employee agreement for participation can be updated to reflect revised policy that

thoroughly expresses the magnitude and intent of restrictions regarding reimbursement for any portion of employee tuition and book costs that are funded by non-repayable alternate sources, regardless of the percentage of funding. The employee agreement could include policy language that describes the expectations of transparent and ethical participation in the tuition reimbursement program, along with policy language that indicates potential disciplinary consequences.

ESTIMATED TIMELINE:

Language stating the City's requirement of the institution to provide a listing of nonrepayable aid will be incorporated in future RFPs.

16.6 The employee agreement for educational partnerships should clearly state that the employee is expected to disclose any non-repayable financial aid received.

Management Response:

PLAN:

Update future employee agreements for education partnership participation to reflect revised policy that thoroughly expresses the magnitude and intent of restrictions regarding reimbursement for any portion of employee tuition and book

costs that are funded by non-repayable alternate sources, regardless of the percentage of funding. The employee agreement could include policy language that describes the expectations of transparent and ethical participation in the tuition reimbursement program, along with policy language that indicates potential disciplinary consequences.

ESTIMATED TIMELINE:

Before launching new education partnership sessions.

Applying for Book and Tuition Reimbursement

#17: Reimbursement submissions are not required to be certified by program participants.

The general process for requesting reimbursement upon successful completion of coursework, including required submission materials is generally outlined in the current policy. Materials listed as required include:

- 1. Original invoice of the payment/sales receipt,
- 2. Course description,
- 3. Course syllabus indicating all required books and/or materials, and
- 4. An official grade report.

Training Administrators are responsible for reviewing the documentation, authorizing reimbursement and forwarding all documentation to Payroll for processing. At no point is there any signature or certification required from the employee participant. Without an employee signature, there is no formal acknowledgement that he/she understands and agrees to participate within the program rules and regulations.

Recommendation:

17.1 An employee agreement and acknowledgement should be signed and submitted along with all other required materials for reimbursement. The following language provides an example:

By my signature below:

I request approval for tuition (and books/materials) for the course(s) referenced above. I understand that the City of Tempe has the right to audit my educational and financial records that may be included in my records at the institution attended. Any right that I have pursuant to the Family Education Rights and Privacy Act of 1974, or any similar act, is waived by acceptance of tuition reimbursement. I hereby

authorize the City of Tempe to verify information regarding my course(s).

I certify that I have disclosed all sources of educational financial assistance that does not require repayment and I am not requesting reimbursement for any course(s) where alternative non-repayable sources of funding have been either paid to me or credited to my educational financial accounts at the institution(s) attended.

I acknowledge that if I voluntarily terminate employment (retirement included) with the City I must repay all tuition benefits that were paid out to me within the 12 months prior to my termination date.

Management Response:

PLAN:

Modify the "signature" form and acknowledgement language generated by PeopleSoft ELM to include:

1. Through revised policy language, formal acknowledgement of specific rules and regulations (e.g. the City's right to audit, disclosure of other funding aid, potential consequences for program

- misuse/misconduct, conditions that generate repayment, etc.) that the employee understands and agrees to participate within the program rules and regulations;
- 2. An employee signature line requirement (new); and,
- 3. The Tuition Administrator's signature (maintain current practice.)

ESTIMATED TIMELINE: by 12/1/12

#18: The policy regarding proof of payment lacks specificity.

As noted above in Observation #17, employees are asked to provide an "original invoice of the payment/sales receipt" with their reimbursement request. In our sample, 6 students (of 46 reviewed) or 13% provided receipts that did not adequately prove that the student paid the educational expense. For example, a receipt may have a column

that states "payment/financial aid". From this documentation, a determination cannot be made whether the employee paid these expenses through their own means (cash/check/credit card, etc.) or if the expenses were paid by potential non-repayable financial aid. The current policy lacks specific receipt requirements.

Recommendation:

18.1 TLC should revise the policy to include a more specific requirement and expand the detail as to what constitutes a valid receipt. The appropriate requirement should be that the employee must provide a receipt that shows the expenses were actually paid by the employee. A credit card receipt, canceled check, or other supplemental receipt should be provided by the employee showing

they personally paid the expense, rather than a generic receipt that does not identify the source of payment.

Management Response:

PLAN:

Revise the policy to include more specific requirements and expanded details as to what constitutes a valid receipt:

1. Indication of the specific expenses that were actually paid by the employee

- 2. A credit card receipt, canceled check, or other supplemental receipt showing that the employee personally paid the expense; and
- 3. Receipts identifying the sources of payment.

ESTIMATED TIMELINE: by 3/31/13

Educational Partnership Programs

#19: The educational partnership policy needs further development and more flexibility regarding withdrawals.

When an employee enrolls in an educational partnership program through TLC, they are required to sign a participation agreement. This agreement spells out the program rules and participant's responsibilities.

Per City policy and the employee participation agreement, when a student withdraws from an educational partnership cohort, they are prohibited from participating any further in the partnership or tuition reimbursement program until their partnership cohort is complete. There is no allowance for extenuating circumstances (i.e., temporary medical issues). TLC has

provided an allowance to at least one employee to temporarily postpone partnership participation due to medical issues. While understandable, this technically is not permitted by policy.

Also, criteria have not been established for involuntary withdrawal of an employee from the educational partnership program by TLC. Although TLC's elimination of an employee from the program by involuntary withdrawal is rare, criteria should be established to ensure consistent treatment of all employees involved in the program.

Recommendations:

19.1 The policy and employee agreement should be revised to allow for temporary postponement of the cohort program at the employee's request due to extenuating individual circumstances (i.e., medical issues) with the allowance to continue the program when the employee becomes available.

Management Response:

PLAN:

Revise the policy and employee agreement to allow for temporary postponement of the cohort program at the employee's request due to extenuating individual circumstances (i.e., medical issues) with the allowance to continue the program when the employee becomes available.

ESTIMATED TIMELINE: by 3/31/13

19.2 The policy and employee agreement should be revised to establish specific criteria as a basis for involuntary withdrawal of an employee from a cohort by TLC.

Management Response:

PLAN:

Revise the policy and employee agreement to establish specific criteria as a basis for involuntary withdrawal of an employee from a cohort by the City. Potential criteria to consider:

- Not meeting grade requirements for degree, license or certification completion
- Lack of program attendance or online participation by the employee
- Violations the City or the education institution's policies of conduct

ESTIMATED TIMELINE: by 3/31/13

#20: Employee repayment requirements for unsuccessful completion of educational partnership classes are not effectively enforced or monitored.

Our review of a sample of 20 educational partnership participants identified two employees that did not successfully complete their classes and did not repay the City the total amounts due for tuition and books as required by policy.

One employee failed one class and withdrew from another. The employee repaid the City for the withdrawn class, but not for the failed class. It appears that the employee owes the City \$283 for this class. A second employee failed a class and did not repay the City. This employee owes the City \$228.

Recommendations:

20.1 TLC should develop a more effective system to manage repayments due as a result of unsuccessful completion of cohort classes.

Management Response:

PLAN:

Partner with Payroll to develop a more effective recovery procedure to manage

repayments due as a result of unsuccessful completion of cohort classes. This approach could be similar to the "Procedures for Wage Overpayment Recovery and Wage Underpayment Reimbursement" that includes the following components: Purpose, Scope, responsibilities, Statue of Limitations, Repayment Schedule and Conditions, and Approval.

ESTIMATED TIMELINE: by 12/1/2012

20.2 TLC should ensure that the two employees mentioned in this observation repay the City as required

by policy.

Management Response:

PLAN:

Ensure that the two employees mentioned in audit observations repay the City as required by policy. As of 9/11/12, both employees received additional emails from TLC requesting their plan for repayment.

- 1. Verify whether or not repayment was made.
- 2. To obtain repayment, contact the employees via email with a stated deadline for indicating their repayment plan and the actions we will should they not respond by the prescribed date.

ESTIMATED TIMELINE:

Item 1 – by 10/25/12 Item 2 – by 10/31/12

Appeals Process

#21: There is no formal process in place to appeal disallowed Tuition and Book Reimbursement requests.

A formal appeals process has not been established to provide an opportunity for employees to appeal decisions that they believe to be unfair or erroneous. Mistakes can be made, and it is in the best interest of both the City and employees to have an

appeals process to ensure consistent application of approved policies and procedures for tuition and book reimbursements. Employees should be offered an avenue to appeal both preapproval and reimbursement decisions.

Recommendation:

21.1 Establish a formal, consistent, and transparent process for employees to appeal decisions they believe to be unfair or erroneous.

Management Response:

PLAN:

1. Establish a formal, consistent, and transparent process for employees to

appeal both pre-approval and reimbursement decisions. Components to include and consider for the Appeal Process:

- Timeline for Appeals and Response
- Written and Signed Request for Appeal Process (to whom), that includes the following information:

- i. A clear and concise statement of the grievance and the facts upon which it is based;
- ii. The section(s of the Tuition Reimbursement and Book Program that was violated; and,
- iii. The remedy requested.
- Written and Signed Appeal Response that includes the following information:

- i. A clear and concise response to the appeal and the facts upon which it is based;
- ii. The section(s) of the Tuition Reimbursement and Book Program, which apply to the appeal and the section(s) upon which the decision is based;
- 2. Determine if the appeal process requires official Council approval.

ESTIMATED TIMELINE: by 1/31/13